Department of Finance

News Release

Immediate release

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Government of Canada Is Establishing a Proud Legacy of Tax Relief

The Honourable Jim Flaherty, Minister of Finance, is taking the next step towards implementation of important tax measures such as the Working Income Tax Benefit for low-income Canadians, the Child Fitness Tax Credit to promote a healthy start for our children, and the Registered Disability Savings Plan to support the most vulnerable members of society. These tax measures were included in a Notice of Ways and Means Motion tabled in the House of Commons today.

"Our Government is putting Canadians first, keeping our promises and managing the economy in an effective and responsible way," said Minister Flaherty. "Since coming to office, our Government has taken action that will reduce the overall tax burden for all Canadians and businesses by about $190 billion over this and the next five fiscal years, bringing taxes to their lowest level in nearly 50 years. Today's Motion is a significant part of that effort."

Measures in the Notice of Ways and Means Motion include:

- Introducing a new Working Income Tax Benefit.
- Eliminating income tax on elementary and secondary school scholarships.
- Enhancing the child fitness tax credit.
- Expanding the scope of the public transit tax credit.
- Increasing the lifetime capital gains exemption to $750,000.
- Increasing the deductible percentage of meal expenses for long-haul truck drivers.
- Providing tax relief in respect of the 2010 Winter Olympic and Paralympic Games.
- Allowing for phased-retirement options for pension plans.
- Extending the mineral exploration tax credit.
- Enhancing tax benefits for donations of medicine to the developing world.
- Streamlining the process for prescribed stock exchanges.
- Introducing an investment tax credit for child care spaces.
- Introducing a new withholding tax exemption with respect to certain cross-border interest payments.
- Preventing double deductions of interest expense on borrowed money used to finance foreign affiliates (the Anti-Tax-Haven Initiative).

- Easing tax remittance and filing requirements for small business.
- Implementing functional currency reporting.
- Providing certain tobacco processors that do not manufacture tobacco products with relief from the Tobacco Manufacturers' Surtax.
- Introducing the new Registered Disability Savings Plan.
- Providing authority for regulations requiring the disclosure by publicly-traded trusts and partnerships of information enabling investment managers to prepare the tax information slips that they are required to issue to investors on a timely basis.
- Increasing the percentage of available input tax credits for goods and services tax and harmonized sales tax (GST/HST) paid on meal expenses of long-haul truck drivers.
- Increasing the GST/HST annual filing and annual remittance thresholds.
- Increasing the GST/HST 48-hour travellers' exemption.
- Introducing a self-assessment rule in respect of intangible personal property acquired on a zero-rated basis and consumed in furthering domestic activities.
- Repealing the excise tax exemptions for renewable fuels, including ethanol and bio-diesel.

In addition, the Notice of Ways and Means Motion includes legislation to eliminate capital gains tax on donations of publicly-listed securities to private foundations. As a result of consultations with private foundations, the Government intends to further review the excess corporate holdings rules in order to provide relief in respect of unlisted securities held on March 19, 2007, and to consider the treatment of corporations wholly-owned by such foundations. Minister Flaherty indicated that the Government is moving ahead with the legislation at this time, in advance of the conclusion of this review, in order to ensure that the new rules providing a capital gains tax exemption on the donation of listed securities to private foundations are enacted as soon as possible, providing the certainty that will encourage donors to support this important part of the charitable sector.

The Notice follows draft legislative proposals and explanatory notes released for public comment on October 2, 2007 (News Releases 2007-074 and 2007-075), as well as proposals relating to the issuance of T3 information slips released on July 4, 2007 (News Release 2007-058). Revised explanatory notes for certain of these measures based on public comments received will be released shortly.

The tax measures in this Notice of Ways and Means Motion were not included in the Budget Implementation Act, 2007, which received Royal Assent on June 22, 2007.

Printed copies of the Motion are available for $25 from the Department of Finance Distribution Centre at 613-995-2855.

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